

# **CITY OF VALLEY VIEW, TEXAS**

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**Basic Financial Statements**

**And**

**Independent Auditor's Report**

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**For the Fiscal Year Ended  
September 30, 2023**

**Haynes and Associates, P.C.  
Certified Public Accountant  
817-491-1300**

# City of Valley View

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For the Year Ended September 30, 2023

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**Haynes and Associates, PC  
Certified Public Accountant  
405 North Oak Street  
Roanoke, TX 76262  
817-491-1300**

**INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Valley View, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Valley View, State of Texas, as of and for the fiscal year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on financial statements based on my audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Valley View, State of Texas, as of September 30, 2023, and the respective changes in financial position and, where acceptable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Statements Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Haynes and Associates, P.C.

Roanoke, TX

June 14, 2024

# City of Valley View

## Management's Discussion and Analysis For the Year Ending September 30, 2023

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As management of the City of Valley View, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the fiscal year 2023 by \$1,524,180 net position. Of these amounts \$385,954 and \$238,706 unrestricted net position respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$294,228 for the fiscal year 2023.
- As of the close of the 2023 fiscal year, the City's governmental funds reported combined ending fund balances of \$386,976, a decrease of (\$57,517).
- The City's net indebtedness decreased by \$57,833 (11.09%), during the fiscal year 2023.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Valley View's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents information on all of the City's assets, deferred inflow and outflow, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicate of whether the financial position of the city is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer line, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's new position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g. uncollected taxes). Both the statement of the net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

# City of Valley View

## Management's Discussion and Analysis (Continued)

For the Year Ending September 30, 2023

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In this Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including police, fire, public services and operations, public works and general administration. Property taxes, sales taxes and franchise fees finance most of these activities
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: government funds and proprietary funds.

Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains one major governmental fund and four non-major governmental funds. These non-major funds serve to separate resources of the government into legally binding uses. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for general fund.

Proprietary funds – The City charges customers for the service it provides, whether to outside customers or to other units with the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has only one proprietary fund which is used to account for the City's water and sewer system's financial activities.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In this case of the City of Valley View, assets exceeded liabilities by \$1,524,180 as of September 30, 2023.

**City of Valley View**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ending September 30, 2023**

	Governmental		Business-type		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current Assets	\$402,019	404,580	\$247,099	\$325,427	\$649,118	\$730,007
Capital Assets	430,731	267,068	932,147	767,717	1,362,878	1,034,785
Other Assets	-	-	700,000	-	700,000	-
<b>Total Assets</b>	<b>832,750</b>	<b>671,648</b>	<b>1,879,246</b>	<b>1,093,144</b>	<b>2,711,996</b>	<b>1,764,792</b>
<b>Deferred Outflow of Recourses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>						
Current Liabilities	14,300	3,551	57,993	58,942	72,293	62,043
Long-term Liabilities	15,378	17,722	1,096,499	451,429	411,877	469,151
<b>Total Liabilities</b>	<b>29,678</b>	<b>21,273</b>	<b>1,154,492</b>	<b>509,721</b>	<b>1,184,170</b>	<b>531,194</b>
<b>Deferred Inflow of Resources</b>	<b>3,646</b>	<b>3,646</b>	<b>-</b>	<b>-</b>	<b>3,646</b>	<b>3,646</b>
<b>Net Position</b>						
Invested in Capital Assets, Net of Related Debt	413,472	246,906	486,048	266,688	899,520	513,594
Restricted New Assets	-	-	-	-	-	-
Unrestricted Net Assets	385,954	399,823	238,706	316,535	624,660	716,358
<b>Total Net Position</b>	<b>799,426</b>	<b>646,729</b>	<b>724,754</b>	<b>583,223</b>	<b>1,524,180</b>	<b>1,229,952</b>

The Largest portion of the City's net position (59.01% as of September 30, 2023) reflects its Invested in Capital Assets, Net of Related Debt.

# City of Valley View

## Management's Discussion and Analysis (Continued)

For the Year Ending September 30, 2023

### Analysis of the City's Operations

When compared to the prior year, the largest components of the increase of net position were the increase in water sales and permits and fees. These increases can be attributed to population growth and housing development.

The following table provides a summary of City's operations for the year ended September 30, 2023 with comparable information from the year ending September 30, 2022.

	Governmental		Business-Type		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services						
Court Fines	129,991	57,919	-	-	129,991	57,919
Permits and Fees	221,013	169,323	-	-	221,013	169,323
Impound Fees	24,950	6,320			24,950	6,320
Water and Sewer Fees	-	-	516,681	429,807	516,681	429,807
Operating Grants	95,102	157,610			95,102	157,610
	-	8,425	-	-	-	8,425
Total Program Revenue	471,056	399,597	516,681	429,807	987,737	829,404
General Revenue						
Property Tax	136,952	120,859	-	-	136,952	120,859
Sales Tax	319,950	282,123		-	319,950	282,123
Franchise Fees,,	58,261	50,139	-	-	58,261	50,139
Hotel Motel Tax	3,747	15,287			3,747	15,287
Other General Revenues	21,767	34,230	-	-	21,767	34,230
Total General Revenues	540,677	502,638	-	-	540,677	502,638
Total Revenue	1,011,733	728,256	516,681	467,942	1,528,414	1,196,198
Program Expenses						
General Government	859,216	599,769			859,216	599,769
Water and Sewer	-	-	375,149	363,360	374,970	363,360
	-	-	-	-	-	-
Total Program Expenses	859,216	599,769	375,149	363,360	1,234,186	963,129
Changes in Net Position, before Transfers	152,517	80,165	141,531	104,582	294,228	233,069
Transfers, Net	0	0	0	0	0	0
Changes in Net Position, after Transfers	152,517	80,165	141,531	104,582	294,228	233,069
Net Position, Beginning	646,729	558,988	583,223	484,163	1,229,952	1,043,151
Net Position, Ending	799,246	646,729	724,754	583,223	1,524,180	1,229,952



# City of Valley View

## Management's Discussion and Analysis (Continued)

For the Year Ending September 30, 2023

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### Capital Assets

At the end of the fiscal year 2023, the City had \$1,362,878 invested in broad range of capital assets, including police equipment, buildings, infrastructure, and water and sewer lines.

The following table provides a summary of the City's additions to capital assets for the year ended September 30, 2023:

Capital Assets as of September 30, 2022, Net of Accumulated Depreciation	\$ 1,034,785
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#### Activity during Fiscal Year Ending September 30, 2023

Building Improvements	235,872
Road Improvements	-
Water System Improvements	248,374
Vehicles and Other Equipment	-
Adjustments: Due to Depreciation	(156,747)

Capital Assets as of September 30, 2023, Net of Depreciation	<u>\$1,362,878</u>
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For additional summary information on the City's capital assets see Note C on the Notes to the Financial Statements.

### Debt

The following table provides a summary of the City's long-term debt activity for the year ended September 30, 2023

#### Balance

Long-term Debt as of September 30, 2022	\$521,191
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#### Activity during Fiscal Year Ending September 30, 2022

Payment Time Warrants – series 2008	(20,326)
Payment Time Warrants – series 2008	( 2,903)
Payment Time Warrants – series 2011	<u>(34,604)</u>

Long-term Debt as of September 30, 2023	<u>\$463,358</u>
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# City of Valley View

## Management's Discussion and Analysis (Continued)

For the Year Ending September 30, 2023

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For additional summary information on the City's long-term debt see Note E of the Notes to the Financial Statements

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Secretary at: 308 W. Obuch Street,, Valley View, Texas 76272.

# City of Valley View

Statement of Net Position

As of September 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 398,373	\$ 235,557	\$ 633,930
Receivables:			-
Accounts	-	11,542	11,542
Property Tax	3,646	-	3,646
Interfund Receivables (Payables), Net	-	-	-
<b>Total Current Assets</b>	<b>402,019</b>	<b>247,099</b>	<b>649,118</b>
Capital Assets			
Non-Depreciable	21,500	6,000	27,500
Depreciable, Net	409,231	926,147	1,335,378
<b>Total Capital Assets</b>	<b>430,731</b>	<b>932,147</b>	<b>1,362,878</b>
Other Assets			
Water System Contractual Rights	-	700,000	700,000
<b>Total Other Assets</b>		<b>700,000</b>	<b>700,000</b>
<b>Total Assets</b>	<b>832,750</b>	<b>1,879,246</b>	<b>2,711,996</b>
<b>Deferred Outflow of Resources</b>			
Deferred Outflow of Resources	-		-
<b>Total Deferred Outflow of Resources</b>			
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	11,397	-	11,397
Customer Deposits	-	8,393	8,393
Current Portion of Long-term Debt	2,903	49,600	52,503
<b>Total Current Liabilities</b>	<b>14,300</b>	<b>57,993</b>	<b>72,293</b>
Net Pension Liability (Asset)	1,022		1,022
Long-term Debt, net of current portion	14,356	1,096,499	1,110,855
<b>Total Liabilities</b>	<b>29,678</b>	<b>1,154,492</b>	<b>1,184,170</b>
<b>Deferred Inflow of Resources</b>			
Deferred Inflow of Resources	3,646	-	3,646
<b>Total Deferred Inflow of Resources</b>			
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	413,472	486,048	899,520
Unrestricted	385,954	238,706	624,660
<b>Total Net Position</b>	<b>\$ 799,426</b>	<b>\$ 724,754</b>	<b>\$ 1,524,180</b>

The accompanying notes are an integral part of these financial statements

# City of Valley View

Statement of Activities  
For Year Ended September 30, 2023

Function/Program Activities	Program Revenues					Net (Expenses)/Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Primary Government		
						Governmental Activities	Business-type Activities	Total
Primary Government								
Governmental Activities								
General Government	\$	129,991	\$	\$		(110,276)	\$	(110,276)
Municipal Court	(240,267)	221,013				118,836		118,836
Police	(102,177)	24,950	95,102			(322,285)		(322,285)
Parks and Rec	(442,337)					(14,320)		(14,320)
Maintenance	(14,320)					(60,115)		(60,115)
Debt Service	(60,115)							
Total Governmental Activities	(859,216)	375,954	95,102			(388,160)		(388,160)
Business-type Activities								
Water and Sewer Fund	(375,149)	516,681					141,531	141,711
Total Business-type Activities	(375,149)	516,681					141,531	141,711
Total Primary Government	(1,234,365)	892,635	95,102			(388,160)	141,531	(246,449)
General Revenues								
Property Tax						136,952		136,952
Franchise Fees						58,261		58,261
Sales Tax						319,950		319,950
Hotel Motel Tax						958		958
Mixed Beverage Tax						2,789		2,789
Miscellaneous						21,767		21,767
Total General Revenues						540,677		540,677
Transfers								
Change in Net Position						152,517	141,531	294,048
Net Position- Beginning						646,729	583,223	1,229,952
Net Position- Ending						\$ 799,246	\$ 724,754	\$ 1,524,000

The accompanying notes are an integral part of these financial statements

# City of Valley View

Balance Sheet and Reconciliation - Governmental Funds

As of September 30, 2023

	General Fund	Total Non-major Funds	Total
<b>Assets</b>			
Cash and Cash Equivalents	395,202	3,171	398,373
Property Tax Receivable	3,646		3,646
Interfund	-	85,271	85,271
<b>Total Assets</b>	<b>398,848</b>	<b>88,442</b>	<b>487,290</b>
<b>Deferred Outflow of Resources</b>			
Deferred Outflow of Resources			
<b>Total Deferred Outflow of Resources</b>	<b>-</b>	<b>-</b>	
<b>Liabilities</b>			
Accounts Payable	11,397		11,397
Interfund Payable	85,271		85,271
<b>Total Liabilities</b>	<b>96,668</b>	<b>-</b>	<b>96,668</b>
<b>Deferred Inflow of Resources</b>			
Deferred Inflow of Resources	3,646		3,646
<b>Total Deferred Inflow of Resources</b>	<b>3,646</b>	<b>-</b>	<b>3,646</b>
<b>Fund Balances</b>			
Assigned		88,442	88,442
Unassigned	298,534		298,534
<b>Total Fund Balances</b>	<b>298,534</b>	<b>88,442</b>	<b>386,976</b>

The accompanying notes are an integral part of these financial statements.

# City of Valley View

## Balance Sheet and Reconciliation - Governmental Funds (Continued)

As of September 30, 2023

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### Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Position

Total Fund Balance - Total Governmental Funds	\$	386,976
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Amounts reported for governmental activities in the statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet		430,731
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Long term debt used for governmental activities is not current financial resource and does not require current resource and, therefore, not reported in the funds.		(17,259)
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Receivable assets not available to pay for current period expenditures and, therefore, are deferred in the funds.		(1,022)
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<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>799,426</u></b>
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# City of Valley View

Statement of Revenue, Expenditures, and Changes in  
Fund Balances and Reconciliation - Governmental Funds  
For Year Ended September 30, 2023

	General Fund	Total Non- major Funds	Total
<b>Revenue</b>			
Property Tax	\$ 136,952		\$ 136,952
Franchise Fees	58,261		58,261
Sales Tax	319,950		319,950
Hotel Motel Tax	958		958
Mixed Beverage Tax	2,789		2,789
Permits and Inspections	129,991		129,991
Grants	95,102		95,102
Building Fund	9,598		9,598
Municipal Court Fines	221,013		221,013
Miscellaneous	12,169	13	12,182
Impound Fees	24,950		24,950
<b>Total Revenue</b>	<b>1,011,733</b>	<b>13</b>	<b>1,011,746</b>
<b>Expenditures</b>			
Current:			
General Government	211,539	-	211,539
Municipal Court	102,177		102,177
Police	442,337		442,337
Recreation and Park Services	14,320		14,320
Maintenance	60,115		60,115
Debt Service	2,903		2,903
Capital Outlay	235,872		235,872
<b>Total Expenditures</b>	<b>1,069,263</b>	<b>-</b>	<b>1,069,263</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(57,530)</b>	<b>13</b>	<b>(57,517)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from (to) Other Funds, Net	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(57,530)</b>	<b>13</b>	<b>(57,517)</b>
Fund Balance- Beginning	356,064	88,429	444,493
<b>Fund Balance- Ending</b>	<b>\$ 298,534</b>	<b>\$ 88,442</b>	<b>\$ 386,976</b>

The accompanying notes are an integral part of these financial statements

# City of Valley View

Statement of Revenue, Expenditures, and Changes in

Fund Balances and Reconciliation - Governmental Funds (Continued)

For the Year Ended September 30, 2023

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## Reconciliation of the Government Funds Statement of Activities

Net Change in Fund Balances - Total Governmental Funds	\$	(57,530)
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Amounts reported for governmental activities in the statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the life of the assets as depreciation. This is the amount by which capital outlays exceeded depreciation.		235,872
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		61,016
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Depreciation Expense		(83,938)
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Principal payments of long-term debt are recorded as expenditures on the governmental funds report but on the governmental-wide statements are reported as decreases of assets. This is the amount of principal paid long-term liabilities during the year.		(2,903)
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Issuance of long-term debts are recorded as increases in Other Financing Sources.		-
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<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b>152,517</b>
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The accompanying notes are an integral part of these financial statements



# City of Valley View

Statement of Net Position - Proprietary Fund

As of September 30, 2023

## Assets

### Current Assets

Cash and Cash Equivalents	\$	235,557
Accounts Receivable		11,542
Interfund Receivable		-
Total Current Assets		<u>247,099</u>

### Capital Assets

Land		6,000
Buildings and Facilities, Net		906,121
Furniture, Fixtures and Equipment, Net		<u>20,026</u>
Total Capital Assets		<u>932,147</u>

### Other Assets

Water System Contractual Rights		<u>700,000</u>
Total Other Assets		700,000

**Total Assets** 1,879,246

**Deferred Outflows** -

## Liabilities

### Current Liabilities

Accounts Payable		-
Customer Deposits		8,393
Current Portion of Long-term Debt		<u>49,600</u>
Total Current Liabilities		57,993

Long-term Debt, Net of Current Portion 1,096,499

**Total Liabilities** 1,154,492

**Deferred Inflows** -

## Net Position

Invested in Capital Assets, Net of Related Debt		237,674
Unrestricted		<u>487,080</u>

**Total Net Position** \$ 724,754

The accompanying notes are an integral part of these financial statements

# City of Valley View

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund For Year Ending September 30, 2023

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## Operating Revenues

Water and Sewer Sales	\$ 516,681
<b>Total Operating Revenue</b>	<u>516,681</u>

## Operating Expenses

Miscellaneous Expense	-
Office Expense	
Utilities	32,842
Repairs and Maintenance	69,025
Sanitation	71,005
Professional Fees	-
Contract Labor	-
Testing and supplies	22,216
Water Fees	55,000
Depreciation	83,938
<b>Total Operating Expenses</b>	<u>334,026</u>

<b>Operating Income (Loss)</b>	<u>182,654</u>
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## Non-operating Revenues (Expenses)

Interest Expense	(41,123)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(41,123)</u>

Transfers from (to) Other Funds	-
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<b>Change in Net Position</b>	<u>141,531</u>
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Total Net Position- Beginning	583,223
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<b>Total Net Position- Ending</b>	<u>\$ 724,754</u>
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The accompanying notes are an integral part of these financial statements

# City of Valley View

Statement of Cash Flows - Proprietary Fund

As of September 30, 2023

## Cash Flows from Operating Activities

Receipts from Customers	\$	516,681
Payments to Suppliers of Goods and Services		(250,088)
<b>Net Cash Flows from Operating Activities</b>		<b>266,593</b>

## Cash Flows from Non-Capital Financing Activities

Transfers From (To) Other Funds		-
<b>Net Cash Flows from Non-Capital Financing Activities</b>		<b>-</b>

## Cash Flows from (Used By) Capital and Related Financing Activities

Acquisition of Fixed Assets		(132,143)
Principal Payments on Debt		(54,930)
Interest Payments on Debt		(41,123)
<b>Net Cash Flows from (Used By) Capital and Related Financing Activities</b>		<b>(228,196)</b>

## Cash Flows from Investing Activities

<b>Net Increase in Cash and Cash Equivalents</b>		<b>38,397</b>
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Cash and Cash Equivalents - Beginning		197,160
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<b>Cash and Cash Equivalents - Ending</b>	<b>\$</b>	<b>235,557</b>
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## Reconciliation of Total Cash to the Statement of Net Position

Unrestricted Cash and Cash Equivalents	\$	-
Restricted Cash and Cash Equivalents		-
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>-</b>

## Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities

Operating Income (Loss)	\$	162,226
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## Reconciliation Adjustments:

Increase (decrease) in receivables		20,927
Increase in payables		(498)
Depreciation		83,938
<b>Total Reconciliation Adjustments</b>		<b>104,367</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$</b>	<b>266,593</b>

The accompanying notes are an integral part of these financial statements.

# City of Valley View

## Notes to the Financial Statements

For the Year Ending September 30, 2023

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### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Valley View, Texas operates under the “Mayor-Council” form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to extend that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has not elected to follow subsequent private-sector guidance. The more significant accounting and reporting policies and practices used by the City are described below.

#### **Financial Statement Presentation**

The financial statements presented in this report conform to the reporting requirements of the Governmental Accounting Standards Board (GASB), which establishes combined statements at the required reporting level for governmental entities that present financial statements in accordance with generally accepted accounting principles.

#### *Reporting Entity*

Generally accepted accounting principles require these financial statements to present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’s operations and so data from these combined with data of the primary government.

For the September 30, 2023 fiscal year, the City does not have any entities that could be considered component units.

#### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities for reporting entity. These statements are designed to provide readers with a broad overview of the City’s finances in a manner similar to private-sector business. The effect of interfund activity has been removed from these statements. Governmental activities which are partially supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The statement of net position present information on all the City’s assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as “net position.” Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City’s net position changed during the fiscal year. This statement also demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### *Fund Financial Statements*

Fund financial statements are provided for all governmental funds and propriety funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are aggregated and presented in a single column. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to aid financial management and demonstrate legal compliance.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

### **Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resource measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the statement of net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amount of the transaction can be determined and "available" means collectively within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considered revenues to be available if they are collected within 60 days of the fiscal year-end except investment income which is recorded as earned. However, accrued interest long-term debt, as well as expenditures related compensated absences, are recorded only when the payment is due.

The revenues susceptible to accrual in governmental funds are ad valorem franchise taxes, sales taxes, interest earned, certain charges for services and intergovernmental revenues, if such revenues are both measurable and available as previously defined. Licenses and permits and municipal court fines are recognized when payment is received. The deferred revenues account is utilized in governmental funds to record earned amounts which are unavailable to liquidate liabilities of the current period (i.e., not collectable within 60 days).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operation operations revenues of the City's water and sewer funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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The City reports the following governmental funds:

The General Fund primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another field.

The Court Technology Fund is a revenue fund of the municipal court. It is used to account for legally restrictive Court Technology Fees collected from municipal court for this purpose of improving the court's technology.

The Court Security Fund is a special revenue fund of the municipal court. It is used to account for legally restrictive Court Security Fees collected from the municipal court for the purpose of improving the court's security.

The Officer Training Fund is a special revenue fund of the police department. Is it used to account for the state of Texas' allocation of funds for Law Enforcement Officer Standards and Education; these funds are restricted to the education and training of law enforcement officers.

The City reports the following proprietary fund:

The Water and Sewer Enterprise Fund is used to account for the rendering of water and sewer services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance debt services, and billing and collecting.

### *Encumbrances*

The City does not utilize an encumbrance accounting system; therefore, encumbrances have not been recorded in these financial statements. At year end, a review disclosed no material commitments that require disclosure as encumbrances.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, demand deposits, cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

### *Capital Assets and Depreciation*

Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized for business-type activity assets during the construction period as such accounts are not material.

Assets capitalized have an original cost of \$500 or more and a useful life of at least two years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Property	Life (in years)
Buildings	25 to 50
Infrastructure and Improvements	15 to 50
Equipment	3 to 20

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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### *Bond and Warrant Issuance Costs*

In governmental fund types, bond and warrant costs are recognized in the current period. For proprietary fund type, bond issuance costs are amortized over the term of the bonds using the straight-line method.

### *Long-Term Debt*

General Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Revenue Bonds issued for Proprietary Fund assets that are to be repaid by Proprietary Fund are recorded in the Proprietary Fund.

Revenue Bonds have been issued to fund capital projects of Proprietary Funds. Such bonds are to be prepaid from the new revenues of the Proprietary Fund.

Bond and Warrant premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred and amortized over the term of the related debt. In the fund financial statements, issuance costs, as well as bond premiums and discounts, are recognized when incurred.

### *Property Tax Revenues*

The City's ad valorem property tax is levied each October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property located in the City. Certain properties of religious, educational and charitable organizations, as well as the Federal government and the State of Texas, are exempt from taxation.

Taxes are due on October 1<sup>st</sup> and become delinquent by February 1<sup>st</sup> following the October 1<sup>st</sup> levy date. Delinquent real property taxes are expected to be collected as the delinquent amounts from a lien against the related property until paid. All property taxes are billed by Denton County under an agreement with the City.

### *Sales Taxes Revenues*

Sales taxes are collected by the state of Texas and the City receives such payment one per month, electronically. Sales Tax Revenue is accrued once payment has been made to the City.

### *Budget*

The budget for the City formally adopted by the City Council at an advertised public meeting during the preceding month that of the fiscal year the budget covers. Amendments are made throughout the year as needed.

### *Interfund Transactions*

Multiple interfund transactions may occur during the fiscal year because the City utilizes a single operating account for most of the City's transactions and a single non-operating account for a non-major governmental fund. On an ordinary basis interfund payables and receivable are recorded when money is collected with a restricted but is deposited in the general operating account and in the instance of a transfer of capital assets or similar transaction an interfund payable and receivable is also recorded. An interfund transfer is recorded when money is transferred from one account to another while there is no legal restriction to the use of the money. The most common interfund transfer is between the enterprise fund and the general fund. Any excess or deficiency of money generated from the enterprise account is covered by drawing funds from the general funds.

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

### NOTE B – CASH AND CASH EQUIVALENTS

#### Deposits

The City's deposits are protected by two layers of assurance. First, deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per deposit class per bank. Secondly, any excess deposits are covered by qualified pledged securities held by the bank and pledged to the city. The highest balance of \$838,385 occurred on April 18, 2023. On this date, the bank confirmed \$250,000 FDIC coverage and fair market value of qualified pledged securities at that date of \$786,874.

As of September 30, 2023, the City had a combined balance of \$633,930. On this date, the \$250,000 FDIC coverage and fair market value of qualified pledged securities at that date of \$753,600.

### NOTE C – PROPERTY AND EQUIPMENT

#### Activity

The following is a summary of the changes in capital assets for the year ending September 30, 2023.

<b>Capital Assets of Governmental Activities</b>				
	Balance at 9/30/2022	Activity, FY 2023		Balance at 9/30/2023
		Additions	Retirements	
Non-depreciable Capital Assets				
Land	\$21,500	-	-	\$21,500
Construction in Progress	-	-	-	-
Total Non-depreciable Capital Assets	21,500	-	-	21,500
Depreciable Capital Assets				
Buildings and Improvements	142,844	235,872	-	378,716
Furniture and Equipment	382,921	-	-	382,921
Land Improvements	359,738	-	-	359,738
Total Depreciable Capital Assets	885,503	235,872	-	1,121,375
Accumulated Depreciation	639,935	72,209	-	712,144
Net Depreciable Capital Assets	245,568	163,663	-	409,231
Net Capital Assets of Governmental Activities	\$267,068	\$	-	\$430,731



### **Capital Assets of Enterprise Activities**

	Balance at 9/30/2022	Activity, FY 2023		Balance at 9/30/2023
		Additions	Retirements	
Non-depreciable Capital Assets				
Land	\$6,000	-	-	\$6,000
Construction in Progress	-	-	-	-
Total Non-depreciable Capital Assets	6,000	-	-	6,000
Depreciable Capital Assets				
Buildings and Improvements	1,485,745	248,374	-	1,734,119
Furniture and Equipment	86,246	-	-	86,246
Total Depreciable Capital Assets	1,571,991	248,374	-	1,820,365
Accumulated Depreciation	(810,280)	(83,938)	-	(894,218)
Net Depreciable Capital Assets	761,711	164,436	-	926,147
Net Capital Assets of Enterprise Activities	\$767,711	\$164,436	-	\$932,147

### **Significant Additions**

During the 2023 fiscal year, the City invested into improving the City's infrastructure through the Community Center and City Hall improvements.

### **Depreciation**

Additions to accumulated depreciation for the year ended September 30, 2023 were applied to the following:

<b>Depreciation Expense</b>				
	FY 2023		FY 2022	
Function/Program	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General Governmental	\$ 72,809	\$ -	\$ 72,809	\$ -
Water and Sewer Fund	-	83,938	-	83,938
Total	\$ 72,809	\$ 83,938	\$ 72,809	\$ 83,938

### **NOTE D- INTERFUND BALANCES AND TRANSFERS**

The City utilizes a single bank account to handle both Governmental Fund and Water/Sewer Fund monies. During the year, transfers are made from the General Fund to the Water and Sewer Fund to account for expenditures made in excess of collected revenues.

Temporary transfers may also be made from the Water and Sewer Fund to the General Fund account for excess collections of revenue over expenses. For the year ended September 30, 2023, \$0 of transfers were made from the Water and Sewer Fund to the General Fund.

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

### NOTE E – LONG-TERM DEBT

#### Activity

A summary of long-term debt transactions, including the current portion, for the year ending September 30, 2023 are as follows:

<b>Changes and Balances of Long-term Debt</b>					
	Balance at	FY 2023 Changes		Balance at	Amount due
	9/30/2022	Additions	Retirements	9/30/2023	by 09/30/24
<b>Governmental Activities</b>					
First State Bank					
Warrants 2008 series, Government Portion	20,162	-	2,903	17,259	2,900
<i>Total Governmental Activities</i>	20,162	-	2,903	17,259	2,900
<b>Business-Type Activities</b>					
First State Bank					
Warrants 2008 series, Enterprise Portion	140,720	-	20,326	120,394	20,300
Warrants 2011, series, Enterprise Portion	360,309	-	34,604	325,705	34,600
<i>Total Business-Type Activities</i>	501,029	-	54,930	446,099	49,600
<i>Total Government-Wide</i>	\$521,191	-	\$ 57,833	\$463,358	\$ 52,500

#### Outstanding Debt

On April 15, 2008, the City issued time warrants through First State Bank in the amount of \$400,000 for the purpose of refinancing existing debt, purchasing the water system within the city limits, and to improve said system. The time warrants initially have a 5.67% APR for the first ten years (120 months) and an adjustable (Wall Street Journal Prime Rate) for the remaining 20 years (240 months.) For the purpose of allocation amongst funds 12.5% of the related activity reported in the general fund and 87.5% is reported in the enterprise fund.

On August 19, 2011, The City and lending institution (First State Bank) agreed to modify the terms of the Series 2008 Time Warrants. Interest rates were lowered to 4% for the first 84 months and then adjustable interest (to the Wall Street Journal Prime Rate) for the remainder of the time warrant. Rates are adjusted at intervals of 60 months.

The City issued \$665,000 in time warrants on August 19, 2011. The time warrants initially have a 3.75% APR for the first five years (60 months) and an adjustable (Wall Street Journal Prime Rate) for the remaining 15 years (180 months) at intervals of 60 months. These warrants were for the purchase of a water system that would increase the City's customer base as well as improvements to this system.

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

### Outlook

The principal and interest requirements for the long-term debt future fiscal years are as follows:

#### Government-wide Debt Requirements

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023-2027	8,405	4,416	12,821	139,188	90,674	229,862
2028-2032	6,826	1,198	8,024	198,753	54,044	252,797
2033-2034	2,028	0	2,028	108,158	12,924	121,082
Total	17,259	5,614	22,873	446,099	157,642	603,741

### NOTE F – COMMITMENTS AND CONTRACT OBLIGATIONS

#### The Greater Texoma Utility Authority (GTUA)

In June 2022, the City entered into an agreement with the GTUA, whereby the GTUA agreed to Issue revenue bonds and to pay, when combined with other funds, the cost to make improvements to the City's wastewater treatment plant and collection system. The GTUA subsequently issued \$700,000 in contract revenue bonds, series 2022, for the purpose stated above. Under this agreement, the City is obligated to the GTUA to make payments from the pledged revenues of the Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. There are no reserve requirements on the City's financial statements since the GTUA contract calls for the GTUA to hold the next year principal and interest payments in reserves from the original bond proceeds.

The principal and interest payments are as follows:

Fiscal Year	Principal	Interest	Totals
2023	0	20,427	20,428
2024	0	27,037	27,037
2025	15,000	26,838	41,838
2026	15,000	26,433	41,433
2027	15,000	26,015	41,015
2028-2032	85,000	123,128	208,128
2033-2037	100,000	107,068	207,068
2038-2042	115,000	86,422	201,422
2043-2047	130,000	61,223	191,223
2048-2052	155,000	31,470	186,470
2053-2054	70,000	2,947	72,947
Totals	700,000	539,008	1,239,008

### NOTE G – RETIREMENT

#### Plan Description

The City participates in a nontraditional defined benefit pension plan in the statewide Texas Municipal Retirement System (TMRS). The Board of Trustees of TMRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 798 nontraditional defined benefit pension plans. TMRS in the aggregate issues an annual comprehensive financial report

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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ACFR) on a calendar year basis. The ACFR is available upon written request from the TMRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

### Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TMRS (TMRS Act). The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at ages 60 and above with 5 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 5 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contribution in a lump sum are not entitled to any amounts contributed by their employer.

Benefits amounts are determined by sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of those monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TMRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 5% interest. At retirement, death, or disability the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rate prescribed by the TMRS Act.

### Employees Covered by Benefit Terms

On September 30, 2023, the following employees were covered by the benefit terms:

Current Active Members	7
Current Inactive Members	10
Current Retirees and Beneficiaries	1
	<u>18</u>

### Contributions

The District has elected the annually determined contributions rate (ADCR) plan provisions of the TMRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TMRS Act, the contribution rate of the employer is actuarially determined annually.

The District contributed using the actuarially determined rate of 6.75% for the months of the accounting year in 2022 and 6.75% for the months of the accounting year in 2023. The contribution rate payable by the employee members for calendar years 2022 and 2023 is 7%, as adopted by the governing body of the

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TMRS Act. The District's contributions to TMRS for the year ended September 30, 2023, was \$4,611 and were equal to the required contributions.

### Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### Notes to Schedule of Contributions

#### Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
-----------------------	------------------

Amortization Method	Level Percentage of Payroll, Closed
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Remaining Amortization Period N/A

Asset Valuation Method	10 year smoothed market; 12% soft corridor
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Inflation	2.50%
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Salary Increases	3.50% TO 11.50% including inflation
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Investment Rate of Return	6.75%
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Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018
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Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
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# City of Valley View

Notes to the Financial Statements (Continued)  
For the Year Ending September 30, 2023

## Other Information:

### Notes

Increased city matching ratio from 1 – 1 to 2 – 1.

The long-term expected rate of return on TMRS is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TMRS' investment consultant, Cliffwater, LLC. The numbers shown below are based on January 2022 information for a 10-year time horizon.

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

<b>Changes in the Net Pension Liability</b> Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2021	\$75,634	\$101,363	(\$25,729)
Changes for the year:			
Service Cost	26,690		26,690
Interest on total pension liability	6,488		6,488
Effect of plan changes	7,548		7,548
Effect of economic/demographic gains/losses	(5,672)		(5,672)
Effect of assumptions changes or inputs	0		0
Refund of contributions	0		0
Benefit payments	(827)	(827)	(1,654)
Administrative expenses		(64)	(64)
Member contributions		13,174	13,174
Net investment income		(7,450)	(7,450)
Employer contributions		4,611	4,611
Other	0	76	76
Balances as of December 31, 2022	\$109,861	\$110,883	(\$1,022)
			Net Pension Liability

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained on the Internet at [www.TMRS.org](http://www.TMRS.org).

# City of Valley View

## Notes to the Financial Statements (Continued)

For the Year Ending September 30, 2023

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### **Pension Expense and Deferred Outflows or Resources and Deferred inflows of Resources Related to Pensions**

For the year ended June 30, 2023, the District recognized pension expense of \$6,189.

### **NOTE G – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance through the Texas Municipal League. The City retains no risk of loss for these coverage's. The City accounts for risk management issues in accordance with GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

### **NOTE H – OTHER COMMITMENTS AND CONTINGENCIES**

**Litigation** – The City may be contingently liable in respect of lawsuits and claims in the ordinary course of operations that, in the opinion of management, will not have material adverse effect on the combined financial statements.

**Commitments** – The City has normal commitments and contingencies that they make while delivering city services in the normal course of business. Any leases for the City are month to month operating leases, and none qualify to be considered to be capitalized in the financial statements as outlined in GASB No. 87.

### **NOTE I – SUBSCRIPTIONS**

The City does not have any subscription services, which must be disclosed under GASB 96.

### **NOTE J – SUBSEQUENT EVENTS**

There have been no events after September 30, 2023 which management believes would have material adverse effects which would require adjustments to or, disclosure in, these financial statements.

# City of Valley View

Balance Sheet - Governmental Non-major Funds

As of September 30, 2023

	Officer Training Fund	Court Security Fund	FEMA Grant	Court Technology Fund	Total Non-major Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,171				\$ 3,171
Interfund Receivable		29,417	15,048	40,806	85,271
<b>Total Assets</b>	3,171	29,417		40,806	88,442
<b>Deferred Outflow of Resources</b>	-	-		-	-
<b>Liabilities</b>	-	-		-	-
<b>Deferred Inflow of Resources</b>	-	-		-	-
<b>Fund Balances</b>					
Assigned	3,171	29,417	15,048	40,806	88,442
<b>Total Fund Balances</b>	\$ 3,171	\$ 29,417	\$ 15,048	\$ 40,806	\$ 88,442



# City of Valley View

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental

Non-Major Funds

As of September 30, 2023

	Officer Training Fund	Court Security Fund	FEMA Grant	Court Technology Fund	Total Non-major Funds
<b>Revenue</b>					
Municipal Court Fines	-	-		-	-
Officer Training	13				13
Grants	-	-	-	-	-
<b>Total Revenue</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Expenditures</b>					
Current:					
General Government	-			-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>
Fund Balance - Beginning	3,158	29,417	15,048	40,806	88,429
<b>Fund Balance - Ending</b>	<b>\$ 3,171</b>	<b>\$ 29,417</b>	<b>\$ 15,048</b>	<b>\$ 40,806</b>	<b>\$ 88,442</b>

# City of Valley View

Statement of Revenues, Expenditures, and Changes in Fund Balances - All Funds - Budget to Actual

As of September 30, 2023

	<u>Budgeted</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous Revenues	4,110	4,110	12,182	8,072
Resource Officer	94,612	94,612	95,102	490
Impound Fees	10,000	10,000	24,950	14,950
Water Sales	434,980	434,980	516,681	81,701
Franchise Fee Revenue	59,000	59,000	58,261	(739)
Sales Tax Revenue	282,000	282,000	319,950	37,950
Municipal Court Revenues	45,000	45,000	221,013	176,013
Building Rent	8,500	8,500	9,598	1,098
Property Tax Revenue	137,756	137,756	136,952	(804)
Hotel Motel Tax	-	-	958	958
Mixed Beverage Tax	2,400	2,400	2,789	389
Permits	82,000	82,000	129,991	47,991
<b>Total Revenues</b>	<b>1,160,358</b>	<b>1,160,358</b>	<b>1,528,427</b>	<b>368,069</b>
<b>Expenditures</b>				
Personnel Costs	624,481	624,481	427,368	197,113
Miscellaneous Expense	5,750	5,750	77,056	(71,306)
Supplies	18,600	18,600	7,824	10,776
Utilities	39,550	39,550	42,643	(3,093)
Office Expense	47,190	47,190	39,364	7,826
Professional Fees	140,050	140,050	150,509	(10,459)
Rent Expenses	17,000	17,000	16,893	107
Insurance	24,000	24,000	25,411	(1,411)
Depreciation	135,000	135,000	156,747	(21,747)
Repairs and Maintenance	96,993	96,993	94,484	2,509
Training Expenses	5,500	5,500	4,958	542
Water/Sewer Expenses	250,176	250,176	311,114	(60,938)
State Court Fees	22,500	22,500	69,346	(46,846)
<b>Total Expenditures</b>	<b>1,426,790</b>	<b>1,426,790</b>	<b>1,423,717</b>	<b>3,073</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(266,432)</b>	<b>(266,432)</b>	<b>104,710</b>	<b>364,996</b>
<b>Other Financing Sources (Uses)</b>				
Interest Expense	30,000	30,000	21,915	8,085
<b>Net Change in Fund Balances</b>	<b>(236,432)</b>	<b>(236,432)</b>	<b>126,625</b>	<b>373,081</b>